

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**48.7 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 15 is a listing of undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.

**Liquidity and Interest Risk Tables**

The tables (note 48.7) following note 58 detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

**48.8 Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

	<b>KOUGA LOCAL MUNICIPALITY</b>	
	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Fixed Deposit Investments		15 949 847
Long-term Receivables	660 269	417 345
Consumer Debtors	64 546 231	44 450 678
Other Debtors	7 731 830	15 634 413
Short-term Investment Deposits	40 955 250	47 503 350
Bank and Cash Balances	8 960	8 960
<b>Maximum Credit and Interest Risk Exposure</b>	<b>113 902 540</b>	<b>123 964 594</b>

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**49 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

Kouga Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

Contributions made by the municipality amounted to R 13.66 million (2009: R 10.18 million) to the defined benefit and defined contribution structures and were expensed as incurred during the year under review.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation, as set out below.

**DEFINED BENEFIT SCHEMES**

**Cape Joint Pension Fund**

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The Defined Benefit section of the fund is a multi-employer plan, and the contribution rate payable is 27%, 9% by the members, and 18% by Council.

The last valuation performed for the year ended 30 June 2009 (30 June 2008) revealed that the fund had an actuarial surplus of R0.00 (30 June 2008: R 182,73 million) with a funding level of 100% (30 June 2008: 106.5 %) and a solvency reserve with a closing balance of R200,6 million (30 June 2008: R0.0). The fund was certified as being in a sound financial condition as at 30 June 2009 by the actuary.

**SALA Pension Fund**

The contribution rate paid by the members (8.6%) and their councils (20.78%) is sufficient to fund the benefits accruing from the fund in future.

The 1 July 2009 actuarial valuation of SALA pension Fund valuation results showed that the fund had a surplus of R 2,642 million (1 July 2007: R 558,4 million) with a funding level of 96% (1 July 2006: 110%). The funding level has decreased from 110% to 96% at the previous valuation date mainly due to the low investment returns earned since that date. Although the Fund is less than 100% funded at the valuation date no additional action is required at this stage to rectify the situation.

**DEFINED CONTRIBUTION SCHEMES**

**Cape Joint Pension Fund**

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

This scheme was established to accommodate the unique characteristics of contract employees and 'cost to company' employees. All existing members were given the option to transfer to the defined contribution plan before 1 July 2003. The actuary report certified that the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed bonus philosophy, and given normal circumstances.

The fund was certified as being in a sound financial condition as at 30 June 2009 by the actuary. The statutory valuation performed as at 30 June 2009 (30 June 2008) revealed that the investment reserve of the fund amounted to R1,171 million (30 June 2008: R12,033 million) with a funding level of 100.3% (30 June 2008: 103.3%).

**Cape Joint Retirement Fund**

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2009 (30 June 2008) revealed that the fund had an actuarial surplus of R 119,949 million (30 June 2008: R 42,93 million) with a funding level of 131.9% (30 June 2008: 112.20 %). The fund was certified as being in a sound financial position as at 30 June 2009.

**KOUGA LOCAL MUNICIPALITY**  
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**Municipal Councillors' Pension Fund**

The Municipal Councillors' Pension Fund operates as a defined contribution scheme. The contribution rate paid by the member (28,75%) is sufficient to fund the benefits accruing from the fund in the future.

The last actuarial valuation of the fund was undertaken at 30 June 2006, and the actuary reported that the fund was as a whole in a sound financial position, with a funding level of 106.5%. The next statutory actuarial valuation as at 30 June 2009, was due in June 2010 but an extension has been granted until 31 December 2010.

**National Fund for Municipal Workers**

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and by the council is 18.00 %.

The latest voluntary valuation was done as at 01 July 2008 (1 July 2007). As at 01 July 2008 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

The last valuation performed revealed that the fund had a deficit of R6,3million (1 July 2007: surplus R9,5 million), with a funding level of 99.8% (1 July 2007: 100.3%).

The retirement and pension funds are both defined contribution schemes. The last voluntary actuarial valuation of the fund was performed as at 01 July 2007. As at 01 July 2007, the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions, plus investment returns, less administration costs.

**South African Municipal Workers Union National Provident Fund**

The contribution rate paid by the members (7.5%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future.

The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the fund was performed at 30 June 2005 and revealed an investment smoothing reserve of R24,518 million with a funding level of 100% ,and was certified as being in a financially sound position. The next statutory valuation was due on 30 June 2008, but is still in process.

**Sanlam Provident Fund**

The Sanlam Provident Fund is a defined contribution Fund.

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future.

The pensions paid from the fund are fully secured through annuity policies purchased from insurers and owned by the Member.

All liabilities of the Fund, to the extent that they exceeded the value of the member's individual accounts were fully underwritten by one or more registered insurers.

In terms of section 2(5)(a) of the Act, the EC 108 Provident Fund is exempted from the provisions of sections 9A and 16 of the Act. This Exemption will expire on 1 July 2010.

According to the Valuator Certificate in support of renewal of Valuation Exemption, on 01 July 2007, the assets are suitable considering the liabilities of the fund.

*None of the above mentioned plans are state plans.*

**KOUGA LOCAL MUNICIPALITY**  
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**50 RELATED PARTY TRANSACTIONS**

**50.1 Related party relationships:**

	<i>Ward</i>	<i>Surname</i>	<i>Initials</i>
<b>Councillors:</b>	1	Rheeder	B
	2	Dennis	R
	3	Botha	N
	4	Rollison	B
	5	Camealio - Benjamin	V
	6	Oliphant	P
	7	Lloyd	F
	8	Ungerer	M
	9	Tshume	M
	10	Mbandana	G
	Proportional	Dlomo	M
	Proportional	Stuurman	V
	Proportional	Felix	K
	Proportional	Maseti	A
	Proportional	Cawood	C
	Proportional	August	C
	Proportional	Smith	D
	Proportional	Njela	C
	Proportional	van Eeden	M
	Proportional	Cloete	F
<b>Directors:</b>	Municipal Manager	Rankwana	E
	Chief Financial officer	Abdullah	R
	Director Corporate Services & HR	Simanga	L
	Director Technical Services	Oosthuizen (Acting)	E
		Marais (Acting)	A
	Director Strategic Planning	Ngcayisa	J.M.
	Director Community Services	Mosiane (Acting)	P
	Director Planning and Development	Olivier (Acting)	E
<b>Municipal Entities:</b>	Kouga Development Agency		

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

During the year the municipality rendered services to the following parties that are related to the municipality as indicated:

50.2 Related Party Transactions			Rates	Service charges	Other	Outstanding balances
<b>Year ended 30 June 2010</b>						
Councillors, Municipal Manager & Section 57 Personnel			<u>58 624</u>	<u>167 510</u>	<u>2 712</u>	<u>297 528</u>
<b>The following entities are under the control of councillors:</b>						
<b>Kouga Development Agency</b>						
<b><u>Municipal Manager &amp; Councillors:</u></b>						
Executive Mayor	DENNIS	R	4 020	12 278	-	23 487
Speaker	DLOMO	M	1	9 668	3 069	38 244
Ex-Co Memb.: Technical & Planning	LLOYD	FR	3	1 939	-	23 965
Ex-Co Memb.: Community Services	STUURMAN	VS	1 045	9 581	-	31 821
Ex-Co Memb.: Corporate & HR&ESD	FELIX	KS	-	-	-	24 421
Ex-Co Memb.: Finance	MASETI	AT	-	2 139	-	2 795
Councillor : Ward 5-Chief Whip	C-BENJAMIN	VA	-	4 574	-	2 151
Councillor : PR	SMITH	FD	3 380	5 491	-	1 027
Councillor : PR	CLOETE	SJ	3 943	12 015	(357)	1 022
Councillor : PR	CAWOOD	J	14 480	22 446	-	33 269
Councillor : Ward 1	RHEEDER	BF	8 768	10 079	-	20 845
Councillor : Ward 9	TSHUME	KM	-	-	-	24 421
Councillor : PR	AUGUST	C	981	12 561	-	28 316
Councillor : Ward 8	UNGERER	M	4 540	10 822	-	15 256
Councillor : PR	NJELA	CJ	-	-	-	205
Councillor : Ward 4	ROLLISON	R	754	8 210	-	2 600
Councillor : PR	VAN EEDEN	MR	-	-	-	12 515
Councillor : Ward 6	OLIPHANT	PJ	2 991	14 148	-	10 201
<b><u>Section 57 Personnel:</u></b>						
Director : Finance (CFO)	ABDULLAH	MR	514	4 497	-	10
Director : HR & ESD	NGCAYISA	JM	5 574	10 268	-	955
Municipal Manager	RANKWANA	EM	4 655	14 265	-	-
Director : Planning & Develop.	DENNIS	FP	2 975	2 528	-	-
			<u>58 624</u>	<u>167 510</u>	<u>2 712</u>	<u>297 528</u>

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been

**KOUGA LOCAL MUNICIPALITY**  
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**Kouga Local Municipality:**

**Year ended 30 June 2009**

Councillors, Municipal Manager & Section 57 Personnel	<u>48 758</u>	<u>87 363</u>	<u>105 913</u>	<u>320 544</u>
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**The following entities are under the control of councillors:**

Kouga Development Agency	-	7 969	-	-
Kouga Cultural Centre	-	15 767	-	-

**Municipal Manager & Councillors:**

Executive Mayor	DENNIS	R	2 517	9 289	8 256	25 384
Speaker	DLOMO	M	-	4 615	17 329	39 466
Ex-Co Memb.: Technical & Planning	LLOYD	FR	485	1 990	12 232	27 463
Ex-Co Memb.: Community Services	STUURMAN	VS	161	8 160	12 099	28 874
Ex-Co Memb.: Corporate & HR & ESD	FELIX	KS	-	-0	12 099	26 939
Ex-Co Memb.: Finance	MASETI	AT	-	-	-	-
Councillor : Ward 5-Chief Whip	C-BENJAMIN	VA	-	-	-	-
Councillor : PR	SMITH	FD	3 560	7 392	-2 643	3 571
Councillor : PR	CLOETE	SJ	4 781	10 437	14 760	11 687
Councillor : PR	CAWOOD	J	-	-	16 778	42 427
Councillor : Ward 1	RHEEDER	BF	9 576	9 164	12 099	27 911
Councillor : Ward 9	TSHUME	KM	-	-0	12 099	26 939
Councillor : PR	AUGUST	C	4 696	1 757	-9 197	30 290
Councillor : Ward 8	UNGERER	M	6 798	8 556	-	16 759
Councillor : Ward 3	BOTHA	NS	-	-	-	-
Councillor : Ward 10	MBANDANA	MG	-	-	-	-
Councillor : PR	NJELA	CJ	-	-	-	-
Councillor : Ward 6	SWEPU	MS	-	-	-	-
Councillor : Ward 4	ROLLISON	R	1 573	6 040	-	3 963
Councillor : PR	VAN EEDEN	MR	-	-	-	-

**Section 57 Personnel:**

Director : Community Services	MXUBE	LPR	-	-	-	-
Director : Corporate Services	SIMANGA	L	-	-	-	-
Director : HR & ESD	NGCAYISA	JM	5 000	8 639	-	3 740
Municipal Manager	RANKWANA	EM	6 067	11 297	-	5 144
Director : Planning & Develop.	DENNIS	FP	3 543	29	-	-
			<u>48 758</u>	<u>87 363</u>	<u>105 913</u>	<u>320 554</u>

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**50.3 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

**50.4 Compensation of key management personnel**

The compensation of key management personnel is set out in notes 31 and 32 to the Annual Financial Statements.

**Remuneration of the family of key management personnel and councillors that are employed at the municipality:**

<i>Directors</i>	<i>Names</i>	<i>Family Member</i>	<i>Department</i>	<i>Relationship</i>	<i>Remuneration</i>
Human Resources and Economic & Social Development	J.M. Ngcayisa	K. Ngcayisa	Technical Services	Cousin	72 396
Human Resources and Economic & Social Development	J.M. Ngcayisa	M. Ngcayisa	Comm. Services	Cousin	204 108
Planning and Development	F.P. Dennis	R. Dennis	Council (Mayor)	Cousin	589 248
<i>Managers</i>	<i>Names</i>	<i>Family Member</i>	<i>Department</i>	<i>Relationship</i>	<i>Remuneration</i>
Admin	C. Dreyer	P. Dreyer	Comm. Services	Husband	194 571
Expenditure	L. Jenneker	M. Jenneker	Comm. Services	Daughter	91 632
Housing	E. Olivier	L. Titus	Health	Sister	100 596
Cleaning & Parks	E. de Lange	E. de Lange	Secretary, Councillor Rollison	Daughter	39 060
Health	R. Mintoer	H. Mintoer	Comm. Services	Cousin	167 352
Protection Services	S. Baartman	N. Baartman	Finance	Daughter	104 808
Electricity	A. Marais	N. Marais	Caravan Park	Wife	116 472
Electricity	A. Marais	B. Marais	Technical Services	Son	124 560
Social Development	A. Groenewald	C. Groenewald	Finance	Daughter	219 840
Area Engineer: Jbay (Elec)	T. Madatt	E. Madatt	Comm. Services	Cousin	204 108
Supply Chain Management	C. Groenewald	A. Groenewald	Social Development	Mother	298 248
<i>Councillors</i>	<i>Names</i>	<i>Family Member</i>	<i>Department</i>	<i>Relationship</i>	<i>Remuneration</i>
Ward 2	R. Dennis	F. Dennis	Town Planning	Cousin	832 693
Ward 6	P. Oliphant	D. Oliphant	Comm. Services	Wife	140 748
Ward 7	F. Lloyd	K. Lloyd	Comm. Services	Cousin	63 672
Ward 7	F. Lloyd	W. Lloyd	Technical Services	Cousin	61 968
Ward 9	M. Tshume	E. Tshume	Technical Services	Cousin	75 792
Ward 9	M. Tshume	S. Tshume	Finance	Cousin	106 956
Ward 9	M. Tshume	Z. Tshume	Finance	Sister in Law	140 748
Proportional	V. Stuurman	E. Stuurman	Comm. Services		63 672
Proportional	K. Felix	A. Petrus	Finance	Cousin	155 340

**KOUGA LOCAL MUNICIPALITY**  
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**50.5 Transactions with close family members of persons in the service of the state**

The municipality traded with the following companies and individuals, which are considered to be Related Parties:

Company	Kouga employee	Department	Relation of Kouga employee to company owner(s)	Designation	Amount of award R
DJ Enterprises	L. Jenneker	Finance	Wife	Manager Expenditure	97 650
Do it All Constuction		Finance	Wife	Manager Expenditure	112 504
Lippert Cabinets	C. Lippert	Finance	Wife	EQS/ Admin	4 950
C & A Cabinets		Finance	Mother		61 357
Owen Jeggels Tiling	L. Jeggels	Finance	Wife	PA: Director Finance	52 880
Jeggels media services	L. Jeggels	Finance	Sister in law	PA: Director Finance	NONE
Delevex 754 CC	J. Savage	Finance	Sister In law	Ass: Acc Income	334 256
	ET Savage	Tech: Water & Sew	Brother	SNR Foreman: Water	
GW Projects	J. Savage	Finance	Sister In law	Ass: Acc Income	49 118
	ET Savage	Tech: Water & Sew	Brother	SNR Foreman: Water	
Calandria 142 CC t/a NA Loodgieters	ET Savage	Tech: Water & Sew	Brother	Snr Foreman: Water	143 930
Central Bridge Trading	Zoleka Tshume	Finance	Wife	Creditor Clerk	NONE
Winternight Investment 340	Zoleka Tshume	Finance	Wife	Creditor Clerk	75 274
Meleni T	S. Meleni	Corporate Services	Wife	Library Ass: J-bay	23 585
Nowaix Trading	S. Meleni	Corporate Services	Wife	Library Ass: J-bay	3 550
Lukabash Trading Enterprise	J. Ngayisa	HR	Husband	Dir: Strategic Services	4 440
Gomez HP	Elsa Gomez	Technical Services	Wife	PA: Dir: Technical Ser	NONE
Cyclonc Couriers	E. vd Merwe	Plan & Development	Wife	Senior Clerk	866
Symmington Jacques	Elsa Symmington	Finance	Wife	Ass Acc: Creditors	21 550
Glorias catering	M. Rosseauw	Finance	Sister	Ass Acc: Payroll	34 450
WJJ Gysman t/a JJ Builders	M. Gysman	Corporate	Son	Admin officer: Estates	17 176
BG Le Grange Surveys/ Jbay Wipes	G. Le Grange	Plan & Developm.	Brother	Building Inspector	79 618
W. Tengo Trust Project Trading	NC. Tengo	Corporate	Wife	Housekeeping Staff	28 323
Kouga Loo Cleansing & Transport	R. Mintoor	Community: Healtl	Brother	Snr Env. Health Off	NONE
Booi Koerat Utilities	C. Koerat	Finance	Daughter	Reconciliation Clerk	62 000

The transactions were concluded in full compliance with the municipality's Supply Chain Management



**KOUGA LOCAL MUNICIPALITY**  
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**50.6 Other related party transactions**

**St Francis Beach Trust (Also refer to note 53 below)**

The Trust is a public benefit organization which has been established for the specific purpose of achieving the rehabilitation of the St Francis Bay beach including the construction of offshore submerged reefs and the ongoing dredging of the Kromme River estuary, together with other related activities for the benefit of the wider St Francis Bay community.

The municipality has expressed its support for the above Project via the Trust, and is willing to support the Trust to acquire external finance of R 30 million from INCA (Infrastructure Finance Corporation Limited) by providing security in the form of a dedicated revenue stream through the medium of a beach levy to be determined in terms of the relevant legislation.

**50.7 Entities under the control of management or councillors**

Designation	Surname	Official Initials	Entity
Executive Mayor	Dennis	R. H.	Cpad Fisheries (Pty) Ltd Policlinic Jeffreys Bay( Pty) Ltd
Speaker	Dlomo	M.	Summer Sun Trading 195 ( Pty) Ltd
Councillor	Stuurman	V.S.	Sweet Breeze Investment (Pty) Ltd Island House Trading 115(Pty) Ltd Taking A Chance Trading CC
Councillor	Njela	C.J.	Escalators Investment CC
Councillor	Rollison	R.	Ilifu Trading 166 CC
Councillor	Tshume	KM	Sifikile Fishing CC Tshume and Smit Transport (Pty) Ltd
Councillor	Oliphant	PJ	Mfv Helena Marie Vessel Company ( Pty) Ltd Ndlovu Fishing CC Siyanda Industrial Painting CC
Manager IT	Duvenage	D	Marlyn Homes CC
Manager: Budget & Treasury	Abrahams	S	Es and Ba Trading CC
Manager: HR( Acting Dir: Comm Serv)	Mosiane	PE	Limakatso Miracle Trading CC
Manager: IDP	Woni	T	Dontchemistry Training and Suppliers CC Sindwezama Fishing ( Pty) Ltd
Manager:LED	Strydom	CR	Erf 1303 Jeffreysbaai CC Seafront Restaurant CC Waterkant 1298 CC Gedeelte 10 Erf 384 linden-uitbreiding CC
Manager: Environmental Services	Machelesi	N	St. Francis Bay Historical Fishiong Corporation CC Malewatle General Trading ( Pty) Ltd
	Blouw	NV	Ithemba Labafazi Investments( Pty) Ltd Majormatic 115 Pty Ltd

50.8 Interest in Joint ventures	% Holding 2010	% Holding 2009
Kouga Development Agency	50%	50%

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**51 IN-KIND DONATIONS AND ASSISTANCE**

No in-kind donations and assistance were received.

**52 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year 2009/2010.

**53 EVENTS AFTER THE REPORTING DATE**

**St Francis Beach Trust (Also refer to note 50.6 above)**

It is the intention of the municipality to withdraw its financial support from both the financial institution and the trust.

**54 COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "E (1) and E (2)".

**55 COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of prior period errors (note 39).

**56 CHANGE IN ESTIMATES**

**56.1 Provision for the rehabilitation of Land-fill Sites**

The discount rate used is annually adjusted based on the average borrowing cost calculated for Kouga Municipality. The cost factors derived from the study have been applied and projected at an annual inflation rate of 7% (2009: 7%) and discounted to present value at a rate of 10% (2009: 11%).

**Effect in the current period:**

If the same rate (11%) that was utilised in 2009 was applied in the current year, to discount future rehabilitation cost to its net present value, the current year's expenditure would have been R 1,048,041 less and accumulated surplus as at 30 June 2010 would have been more with the same amount.

**Effect in future periods:**

The amount of the effect of the change in estimate in future periods is not disclosed because estimating it is impracticable.

**56.2 Provision for environmental clean-ups**

The discount rate used is annually adjusted based on the average borrowing cost calculated for Kouga Municipality. The cost factors derived from the study have been applied and projected at an annual inflation rate of 7% (2009: 7%) and discounted to present value at a rate of 10% (2009: 11%).

**Effect in the current period:**

If the same rate (11%) that was utilised in 2009 was applied in the current year, to discount future rehabilitation cost to its net present value, the current year's expenditure would have been R 9,740 less and accumulated surplus as at 30 June 2010 would have been more with the same amount.

**Effect in future periods:**

The amount of the effect of the change in estimate in future periods is not disclosed because estimating it is impracticable.

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**57 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED**

At the date of authorisation of these financial statements the municipality has not applied the following GRAP standards that have been issued but are not yet effective:

**Standard & Description**

**Effective date**

**GRAP - 18 Segment Reporting**

*Unknown*

Information to a large extent is already included in Appendix D of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.

**GRAP 21 - Impairment of non-cash-generating assets**

*Unknown*

The municipality complies with IPSAS 21 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.

**GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008**

*Unknown*

**GRAP 24 - Presentation of Budget Information in Financial Statements**

*Unknown*

Information to a large extent is already included in Appendix E(1) and E(2) of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.

**GRAP 25 Employee Benefits - issued December 2009**

*Unknown*

**GRAP 26 - Impairment of cash-generating assets**

*Unknown*

The municipality complies with IAS 36 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.

**GRAP 103 Heritage Assets**

*Unknown*

No adjustments will be necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.

**GRAP 104 Financial Instruments - issued October 2009**

*Unknown*

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

**58 BULK ELECTRICITY AND WATER LOSSES IN TERMS OF THE MFMA SECTION 125 (2)(d)(i)**

Material water and electricity losses during the year under review were as follows and are not recoverable.

**Electricity:**

Purchased during the year	180 207 579	units (kWh)
Sold during the year	(156 788 057)	units (kWh)
Unaccounted	23 419 522	units (kWh)
Normal distribution losses - (8%) of electricity purchases	(14 416 606)	units (kWh)
Loss	9 002 916	units (kWh)
Loss %	5.00%	
Loss (R):	2 574 965	

**Calculated as follows:**

	<u>%</u>	<u>Lost units</u>	<u>Tariff</u>	<u>Value @</u>
	100.00	9 002 916	@	2 574 965
DOMESTIC	44.94	4 046 152	0.3580	1 448 523
COMMERCIAL	21.63	1 947 369	0.3110	605 632
BULK	19.15	1 724 101	0.1610	277 580
OFF PEAK	4.87	438 149	0.0994	43 531
PEAK	3.39	304 940	0.3575	109 016
STANDARD	6.02	542 204	0.1673	90 684

Electricity losses occur due to *inter alia*, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connection is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

**Water:**

	<u>Lost units</u>	<u>Tariff</u>	<u>Value @</u>
Unaccounted water:	2 745 905	2.61	7 166 812

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Liquidity Risk Management (refer to note 47)**

**Liquidity and Interest Risk Tables**

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Loan Number	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
<b>30 June 2010</b>	#								
<b>Non-interest Bearing</b>	8								
- Creditors				52 818 906	52 818 906	-	-	-	-
- Consumer Deposits	8			45 783 689	45 783 689	-	-	-	-
<b>Variable Interest Rate Instruments</b>	8			7 035 217	7 035 217	-	-	-	-
- Wesbank - sewerage trucks		533	14.00%	537 034	205 539	105 144	93 884	3 105	-
- Wesbank - P.O.S		534	15.41%	146 486	120 692	25 794	-	-	-
- Wesbank - P.O.S		535	14.49%	129 361	-	-	-	-	-
- Wesbank - Health		536	14.00%	5 822	-	-	-	-	-
- Wesbank - Health		537	14.00%	34 533	15 638	15 963	2 931	-	-
- Wesbank		547	14.00%	31 707	15 670	15 670	366	-	-
<b>Fixed Interest Rate Instruments</b>				189 126	47 717	47 717	90 586	3 105	-
- Absa		528	14.50%	160 786 092	16 893 353	9 139 317	15 761 486	49 174 735	69 896 900
- ASDR		513	14.25%	184 919	10 885	11 638	25 687	77 061	59 648
- DBSA		145	12.00%	32 837	12 240	10 291	10 306	-	-
- DBSA		146	12.00%	4 830 245	425 620	425 620	851 240	2 553 720	574 045
- DBSA		147	12.00%	1 207 578	68 838	68 838	137 675	413 026	519 202
- DBSA (LALF)		485	15.22%	2 343 659	212 681	212 681	425 362	1 276 086	216 848
- DBSA (LALF)		489	15.22%	455 435	13 989	13 989	27 978	83 934	315 546
- DBSA (LALF)		490	15.22%	558 835	5 589	5 589	11 178	33 535	502 942
				557 280	22 087	22 087	44 175	132 525	336 406

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Liquidity Risk Management (continued)**

Description	Note ref in AFS	Loan Number	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#		%	R	R	R	R	R	R
- DBSA (LALF)		492	15.22%	40 511	1 201	1 201	2 402	7 205	108 202
- DBSA (LALF)		494	15.22%	393 484	5 238	5 238	10 477	31 430	341 100
- DBSA (LALF)		495	15.77%	225 378	16 679	16 679	33 358	100 075	58 586
- DBSA (LALF)		496	15.77%	42 851	2 233	2 233	4 465	13 396	20 525
- DBSA (LALF)		498	13.46%	493 339	6 484	6 484	12 968	38 905	428 498
- DBSA (LALF)		499	13.46%	626 839	23 988	23 988	47 976	143 927	386 960
- DBSA (LALF)		501	14.75%	1 848 177	24 511	24 511	49 023	147 068	1 603 064
- DBSA (LALF)		502	16.19%	1 331 248	111 313	111 313	222 625	667 876	218 123
- DBSA (LALF)		503	16.19%	164 958	1 357	1 357	2 714	8 143	151 387
- DBSA		505	15.00%	2 752 416	243 509	243 509	487 019	1 461 057	317 321
- DBSA		506	16.50%	644 066	3 774	3 774	7 548	22 643	606 328
- DBSA		507	16.50%	1 088 581	43 807	43 807	87 614	262 843	650 510
- DBSA		508	16.50%	1 702 184	47 365	47 365	94 731	284 192	1 228 530
- DBSA		509	16.50%	873 577	71 189	71 189	142 377	427 132	161 690
- DBSA (LALF)		512	16.19%	214 834	5 911	5 911	11 822	35 467	155 723
- DBSA (LALF)		514	16.19%	261 940	8 432	8 432	16 864	50 592	177 620
- DBSA (LALF)		515	16.50%	744 199	34 820	34 820	69 641	208 923	395 994
- DBSA (LALF)		521	10.25%	953 511	15 079	15 079	30 159	90 476	802 718
- DBSA (LALF)		522	15.50%	1 398 154	32 134	32 134	64 269	192 806	1 076 810
- DBSA (LALF)		523	16.00%	1 054 147	61 132	61 132	122 263	366 790	442 830
- DBSA (LALF)		524	16.00%	18 889 572	681 741	681 741	1 363 481	4 090 444	12 072 165
- DBSA		525	15.25%	5 945 762	329 338	329 338	658 677	1 976 031	2 652 378
- DBSA		526	15.25%	8 574 636	399 856	399 856	799 712	2 399 136	4 576 077
- DBSA		531	11.185%	28 147 937	386 585	386 585	773 170	2 319 510	24 282 087
- DBSA		538	8.995%	475 705	14 877	14 877	29 754	416 198	-
- DBSA		539	8.995%	300 370	52 429	52 429	104 858	90 654	-
- DBSA		540	8.995%	529 839	11 420	11 420	22 840	484 160	-
- DBSA		541	8.995%	660 159	60 990	60 990	121 981	416 198	-
- DBSA		542	8.995%	1 609 953	52 429	52 429	104 858	1 400 237	-

**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**  
**Liquidity Risk Management (continued)**

Description	Note ref in AFS	Loan Number	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
- DBSA	#	543	9.27%	4 541 705	125 452	125 452	250 904	752 711	3 287 187
- DBSA		544	9.27%	3 885 712	294 510	294 510	589 020	1 767 059	940 613
- DBSA		545	9.27%	1 313 033	84 273	84 273	168 545	505 636	470 307
- DBSA		546	9.27%	800 948	42 136	42 136	84 273	252 818	379 584
- DBSA		548	9.27%	30 375 342	1 155 884	1 212 585	3 383 002	15 288 246	9 335 625
- Inca Redemption Fund		379	15.50%	570 580	285 290	285 290	-	-	-
- Inca Redemption Fund		380	15.50%	1 727 675	767 763	959 912	-	-	-
- INCA		381	15.20%	1 204 728	384 299	384 299	410 196	25 934	-
- Inca Redemption Fund		517	15.50%	5 646 172	4 848 750	398 711	398 711	-	-
- Inca Redemption Fund		518	16.80%	4 210 448	3 771 250	219 599	219 599	-	-
- INCA		530	12.60%	2 666 626	447 966	447 966	895 933	874 761	-
- INCA - Bulk water		532	11.16%	11 684 007	1 164 028	1 164 028	2 328 057	6 984 170	43 724
Financial Guarantee Contracts				-	-	-	-	-	-
				214 142 033	69 917 799	9 244 461	15 855 370	49 177 840	69 896 900

## Liquidity Risk Management (continued)

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**KOUGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Liquidity Risk Management (continued)**

Description	Note ref in AFS	Loan Number	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
- DBSA	#	509	16.50%	1 067 830	71 189	71 189	142 377	427 132	355 943
- DBSA (LALF)		512	16.19%	88 667	5 911	5 911	11 822	35 467	29 555
- DBSA (LALF)		514	16.19%	126 480	8 432	8 432	16 864	50 592	42 160
- DBSA (LALF)		515	16.50%	201 224	13 415	13 415	26 830	80 489	67 074
- DBSA (LALF)		521	10.25%	226 189	15 079	15 079	30 159	90 476	75 397
- DBSA (LALF)		522	15.50%	482 016	32 134	32 134	64 269	192 806	160 672
- DBSA (LALF)		523	16.00%	916 975	61 132	61 132	122 263	366 790	305 658
- DBSA (LALF)		524	16.00%	10 226 110	681 741	681 741	1 363 481	4 090 444	3 408 703
- DBSA		525	15.25%	913 169	60 878	60 878	121 756	365 268	304 390
- DBSA		526	15.25%	5 997 839	399 856	399 856	799 712	2 399 136	1 999 280
- DBSA		531	11.185%	12 396 359	386 585	386 585	773 170	2 319 510	8 530 509
- DBSA		538	8.995%	119 014	14 877	14 877	29 754	59 507	
- DBSA		539	8.995%	419 432	52 429	52 429	104 858	209 716	
- DBSA		540	8.995%	91 359	11 420	11 420	22 840	45 679	
- DBSA		541	8.995%	487 922	60 990	60 990	121 981	243 961	
- DBSA		542	8.995%	419 432	52 429	52 429	104 858	209 716	
- DBSA		543	9.27%	1 756 326	125 452	125 452	250 904	752 711	501 807
- DBSA		544	9.27%	4 123 139	294 510	294 510	589 020	1 767 059	1 178 040
- DBSA		545	9.27%	1 179 817	84 273	84 273	168 545	505 636	337 091
- DBSA		546	9.27%	589 909	42 136	42 136	84 273	252 818	168 545
- Inca Redemption Fund		379	15.50%	5 240 000	310 000	310 000	620 000	4 000 000	
- Inca Redemption Fund		380	15.50%	10 057 040	594 978	594 978	1 189 955	7 677 130	
- INCA		381	15.20%	2 690 093	384 299	384 299	768 598	1 152 897	
- Inca Redemption Fund		517	15.50%	6 243 750	348 750	348 750	697 500	4 848 750	
- Inca Redemption Fund		518	16.80%	4 856 250	271 250	271 250	542 500	3 771 250	
- INCA		530	12.60%	3 583 731	447 966	447 966	895 933	1 791 866	
- INCA - Bulk water		532	11.16%	16 296 396	1 164 028	1 164 028	2 328 057	6 984 170	4 656 113
Financial Guarantee Contracts				-	-	-	-	-	-
				140 214 303	36 517 544	7 551 303	14 982 444	52 558 500	28 604 512



# APPENDIX A

## KOUGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the year	Redeemed/ Written Off during Period	Balance at 30/06/2009
ANNUITY LOANS	R	%			R	R	R	R
ABSA	166 000	14.50%	528	30/11/2016	125 811	-	(8 996)	116 815
ABSA	166 000				125 811	-	(8 996)	116 815
Total ABSA								
ASDR	150 000	14.25%	513	30/12/2011	42 962	-	(10 913)	32 049
ASDR	150 000				42 962	-	(10 913)	32 049
Total ASDR								
DBSA	33 112 638	14.61%	145 - 147, 485,489 - 490,492,494 - 496,498 - 499,501- 503, 505 - 509, 512, 514 - 515, 521- 526	30/09/2016	26 091 722	-	(2 104 618)	23 987 104
DBSA								
DBSA	6 128 561	11.185%	531	30/09/2024	5 705 396	-	(149 400)	5 555 996
DBSA	1 600 000	8.995%	538 - 542	31/03/2013	1 333 634	-	(290 865)	1 042 769
DBSA	6 000 000	9.265%	543 - 546	31/03/2016	5 465 112	-	(585 592)	4 879 520
DBSA	20 000 000	11.180%	548	30/06/2017	-	20 000 000	-	20 000 000
Total DBSA	66 841 199				38 595 864	20 000 000	(3 130 476)	55 465 388

# APPENDIX A

## KOUGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the year	Redeemed/ Written Off during Period	Balance at 30/06/2009
	R	%			R	R	R	R
<b>INCA</b>								
Inca Redemption Fund	4 000 000	15.50%	379	30/06/2011	4 000 000	-	-	4 000 000
Inca Redemption Fund	7 677 130	15.50%	380	30/06/2011	7 677 130	-	-	7 677 130
INCA	4 000 000	15.20%	381	31/12/2012	2 027 611	-	(477 657)	1 549 954
Inca Redemption Fund	4 500 000	15.50%	517	30/06/2011	4 500 000	-	-	4 500 000
Inca Redemption Fund	3 500 000	16.80%	518	30/06/2011	3 500 000	-	-	3 500 000
INCA	5 000 000	13.00%	530	30/06/2013	2 748 075	-	(566 759)	2 181 317
INCA - Bulk water	13 000 000	11.160%	532	30/06/2016	11 103 179	-	(1 118 792)	9 984 387
<b>Total INCA</b>	<b>41 677 130</b>				<b>35 555 995</b>	-	<b>(2 163 208)</b>	<b>33 392 787</b>
<b>Total Annuity Loans</b>	<b>108 834 329</b>				<b>74 320 632</b>	<b>20 000 000</b>	<b>(5 313 593)</b>	<b>89 007 039</b>
<b>CAPITALISED LEASE LIABILITIES:</b>								
<b>Wesbank</b>								
Wesbank - sewerage trucks	922 982	14.00%	533	28/02/2011	391 600	-	(215 899)	175 701
Wesbank - P.O.S	107 520	15.409%	534	30/06/2010	27 047	-	(27 047)	0
Wesbank - P.O.S	133 046	14.489%	535	31/08/2010	38 784	-	(32 986)	5 798
Wesbank - Health	119 350	14.00%	536	31/07/2008	59 536	-	(27 132)	32 404
Wesbank - Health	119 350	14.00%	537	31/08/2011	61 822	-	(26 981)	34 841
Wesbank	420 215	14.000%	547	31/07/2012	257 534	-	(75 540)	181 994
<b>Total Wesbank</b>	<b>1 822 463</b>				<b>836 322</b>	-	<b>(405 584)</b>	<b>430 738</b>
<b>Leased assets - TMT Services and Supplies (Pty) Ltd</b>	<b>535 000</b>				<b>11 924</b>	-	-	<b>11 924</b>

# APPENDIX A

## KOUGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the year	Redeemed/ Written Off during Period	Balance at 30/06/2009
	R	%			R	R	R	R
Operating leases reclassified as finance leases					4 393 530	21 626 635	(5 278 159)	20 742 006
Total capitalised lease liabilities	2 357 463				5 241 776	21 626 635	(5 683 743)	21 184 668
TOTAL EXTERNAL LOANS	111 191 792				79 562 408	41 626 635	(10 997 336)	110 191 707

**COUGA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

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# APPENDIX B

## KOUGA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Adjustments	Adjusted O/balance	Disposals	Closing Balance	Opening Balance	Adjustments	Adjusted O/Balance	Closing Balance
	R	R	R	R	R	R	R	R	R
Community centre	11 677 235	0	11 677 235		11 677 235	4 934 474	(3 774 795)	1 159 679	1 159 679
Fire stations	202 383	0	202 383		202 383	108 881	(8 754)	100 127	100 127
Floodlighting	22 264	0	22 264		22 264	0	805	805	805
Golf courses	1 964 882	0	1 964 882		1 964 882	1 964 112	(1 893 560)	70 552	70 552
Housing Schemes	0	0	0		0	0	(0)	0	0
Indoor sports	38 000	0	38 000		38 000	38 000	(38 000)	0	0
Jukshei pitches	26 000	0	26 000		26 000	26 000	(26 000)	0	0
Lakes and dams	56 438	0	56 438		56 438	56 438	(56 438)	0	0
Libraries	2 124 825	0	2 124 825		2 124 825	1 974 413	(1 816 685)	157 728	157 728
Municipal build	2 001 674	(2 001 674)	0		223 017	1 556 763	(1 556 763)	0	0
Museum/art gall	1 688 440	0	1 688 440		1 688 440	1 466 581	(135 906)	1 330 674	1 330 674
Office Building	989 813	(989 813)	0		220 643	4 071 622	(2 447 198)	1 624 424	1 624 424
Organ and casc	5 440	0	5 440		5 440	5 440	(5 440)	0	0
Outdoor sports	6 866 555	(5 164 853)	1 701 702		1 701 702	1 674 824	(1 632 853)	41 971	41 971
Parks	2 698 086	0	2 698 086		2 698 086	2 652 272	(2 627 259)	25 013	25 013
Public convenie	2 027 355	83 821	2 111 176		2 111 176	1 980 141	(1 778 512)	201 629	201 629
Recreation cent	2 217 997	(1 602 980)	615 017	13 982	628 999	523 654	(394 460)	129 193	129 193
Refuse site	7 166 503	(7 166 503)	0		0	0	0	0	0
Swimming pools	17 000	0	17 000		17 000	17 000	(17 000)	0	0
Tennis courts	251 966	0	251 966		251 966	251 966	(251 966)	0	0
Workshop	2 128 222	0	2 128 222		2 128 222	1 889 072	(1 487 449)	401 623	401 623
	52 294 424	(18 788 163)	33 506 260	457 642	33 963 902	30 105 199	(23 247 527)	6 857 672	6 857 672
Heritage Assets									
	0	0	0	0	(0)	0	0	0	(0)
Housing									
Housing Schemes	3 462 610	(1 350 444)	2 112 166		2 112 166	1 759 324	(1 604 488)	154 836	154 836
	3 462 610	(1 350 444)	2 112 166	0	2 112 166	1 759 324	(1 604 488)	154 836	154 836
Investment Assets									
	0	5 133 103	5 133 103		5 133 103				
	0	5 133 103	5 133 103	0	5 133 103	0		0	5 133 103
Other Assets									
Kouga Local Municipality:									
Air conditioner	241 519	0	241 519	281 658	523 177	70 861	(4 346)	66 514	66 514
Cabinets/cupboa	400 624	0	400 624	406 619	807 243	86 924	(64 041)	22 884	22 884
Canopy	7 500	0	7 500		7 500	0	1 500	1 500	1 500
									6 000

**APPENDIX B**  
**KOUGA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Adjustments	Adjusted O/Balance	Closing Balance	Opening Balance	Adjustments	Adjusted O/Balance	Closing Balance	
	R	R	R	R	R	R	R	R	R
Caravan parks	0	1 253 812	1 253 812	1 253 812	7 468	123 610	131 078	131 078	1 122 734
Chairs	417 546	0	417 546	607 764	199 863	(133 540)	66 323	66 323	541 441
Computer hardware	3 606 795	0	3 606 795	4 082 454	1 615 884	(973 331)	642 553	642 553	3 439 901
Computer software	0	0	0	101 867	32 459	(32 459)	0	44 908	56 959
Cremators	32 459	0	32 459	32 459	0	562	562	0	32 459
Bulk containers	6 700	(0)	6 700	6 700	0	2 607	2 607	562	6 138
Compactor - plant	20 600	0	20 600	20 600	0	8 478	8 478	2 607	17 993
Emergency light	72 383	0	72 383	72 383	0	166 442	320 209	8 478	63 904
Electrical equipment	847 972	0	847 972	870 052	153 767	(1 766)	3 177	320 209	549 842
Aparatus	41 890	53 925	95 815	95 815	4 943	12 949	96 694	3 177	92 638
Equipment	95 815	(53 925)	41 890	41 890	0	(221 566)	12 949	12 949	28 941
Fire equipment	430 923	0	430 923	430 923	318 260	43 384	43 384	96 694	334 229
Holst - refuse	433 624	0	433 624	433 624	0	(1 288 783)	265 065	43 384	390 240
General plant	1 916 202	0	1 916 202	2 105 245	1 553 848	0	0	265 065	1 840 180
GROUND	32 233 387	(32 233 387)	0	0	0	0	0	0	0
Household refuse	262 591	0	262 591	262 591	233 492	(113 911)	119 581	119 581	143 010
Irrigation syst	219 746	0	219 746	219 746	219 746	(219 746)	0	0	219 746
Markets	129 840	0	129 840	129 840	129 840	(129 840)	0	0	129 840
Miscellaneous furniture	1 206 110	228 604	1 434 713	1 976 801	235 421	32 823	268 243	268 243	1 708 558
Office machines	287 511	0	287 511	292 062	268 527	(263 067)	5 459	5 459	286 603
Pumps	4 429 321	0	4 429 321	4 429 321	5	17 351	17 356	17 356	4 411 965
Radio equipment	160 067	0	160 067	162 417	91 604	(84 475)	7 130	7 130	155 288
Tools	145 394	0	145 394	207 757	0	16 106	16 106	16 106	191 651
Tables/desks	398 859	0	398 859	437 561	143 809	(93 327)	50 482	50 482	387 079
Telecommunication	14 309	0	14 309	32 832	0	1 616	1 616	1 616	31 216
Tip sites	428 495	0	428 495	428 495	373 564	(296 710)	76 855	76 855	351 640
Generator	56 805	0	56 805	56 805	0	1 975	1 975	1 975	54 830
Town planning	1 390 352	0	1 390 352	1 390 352	1 325 877	(1 192 976)	132 901	132 901	1 257 451
Trailers	257 196	0	257 196	257 196	152 258	(117 899)	34 360	34 360	222 837
Transport facil	61 943	0	61 943	61 943	61 943	(61 943)	0	0	61 943
Vacant land	5 133 103	(5 133 103)	0	0	0	0	0	0	0
Vehicles	13 187 039	0	13 187 039	23 477 517	2 764 725	1 815 345	4 580 070	4 580 070	18 897 446
Watercraft/boat	585 587	0	585 587	588 111	489 183	(484 887)	4 296	4 296	583 815
Fire engines	0	0	0	0	0	0	0	0	0
Lawnmowers	966 696	0	966 696	966 696	650 086	(102 147)	547 939	547 939	418 757
Trucks/bakkies	2 208 533	0	2 208 533	2 208 533	1 109 563	(858 976)	250 588	250 588	1 957 946
Tractors	1 694 300	0	1 694 300	1 694 300	395 794	(186 200)	209 594	209 594	1 484 706
Compressors	4 647	0	4 647	4 647	0	532	532	532	4 115

**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

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# APPENDIX C

## KOUGA LOCAL MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2010

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2010													
Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Infrastructure Adjustment Carrying Value	Carrying Value			
	Opening Balance	Additions	Adjustment W/P in BF	Under Construction	Land adjustment	Disposals	Closing Balance	Opening Balance			Additions	Transfers	Disposals
	R	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	48 796 478						48 796 478	1 796 108				1 796 108	47 000 370
Finance and Administration	49 417 183						49 417 183	18 976 110				18 976 110	30 441 073
Planning and Development	1 425 416						1 425 416	1 455 717				1 455 717	(30 300)
Health	1 173 230						1 173 230	-				0	1 173 230
Community and Social Services	1 821 357						1 821 357	8 422 452				8 422 452	(6 601 095)
Housing	1 548 790						1 548 790	1 759 324				1 759 324	(210 534)
Public Safety	5 784 096						5 784 096	2 051 746				2 051 746	3 732 349
Sport and Recreation	14 790 542						14 790 542	8 065 477				8 065 477	6 725 065
Environmental Protection	3 636 209						3 636 209	6 793 669				6 793 669	(3 157 460)
Waste Management	12 489 629						12 489 629	639 516				639 516	11 850 113
Waste Water Management	111 720 676						111 720 676	34 890 186				34 890 186	76 830 490
Roads and Transport	61 704 638						61 704 638	33 629 442				33 629 442	28 075 197
Water	73 968 052						73 968 052	25 151 428				25 151 428	48 816 624
Electricity	65 939 669						65 939 669	31 970 452				31 970 452	33 969 217
Total	454 215 965	-	-	-	-	-	454 215 965	175 601 626	-	-	-	175 601 626	278 614 339
<u>Consist of:</u>													
Property, Plant and Equipment													
Investment Property													
Intangible Assets													
344 207 353													
84 426													
372 346													
344 664 125													



# APPENDIX D

## KOUGA LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)	Description	2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)
R	R	R		R	R	R
135 399	(19 278 129)	(19 142 730)	Executive and Council	346 057	(27 634 437)	(27 288 379)
135 306 482	(64 047 481)	71 259 000	Finance and Admin	161 056 288	(90 713 804)	70 342 485
2 360 087	(10 533 332)	(8 173 245)	Planning and development	1 562 282	(11 848 974)	(10 286 691)
4 624 928	(3 061 066)	1 563 862	Health	2 976 117	(4 013 842)	(1 037 725)
72 615	(5 311 976)	(5 239 362)	Community and Social Services	82 247	(6 039 324)	(5 957 077)
9 157 184	(10 968 669)	(1 811 485)	Housing	20 393.41	(3 280 572)	(3 260 178)
7 012 416	(17 335 736)	(10 323 320)	Public Safety	6 778 512	(20 040 326)	(13 261 814)
6 562 942	(6 588 263)	(25 321)	Sport and Recreation	1 633 610	(8 172 628)	(6 539 018)
2 539 456	(13 976 532)	(11 437 076)	Environmental Protection	1 262 016	(18 051 716)	(16 789 699)
23 954 112	(25 143 857)	(1 189 746)	Waste Management	25 923 290	(28 195 822)	(2 272 533)
30 464 030	(20 024 793)	10 439 237	Waste Water Management	22 126 159	(20 498 904)	1 627 255
7 615 934	(17 142 785)	(9 526 851)	Road Transport	(150 007)	(17 850 642)	(18 000 649)
39 189 567	(28 419 278)	10 770 289	Water	33 951 171	(35 050 022)	(1 098 851)
90 721 505	(70 475 447)	20 246 058	Electricity	115 320 321	(93 335 095)	21 985 226
<b>359 716 657</b>	<b>(312 307 347)</b>	<b>47 409 311</b>	<b>Sub-Total</b>	<b>372 888 457</b>	<b>(384 726 106)</b>	<b>(11 837 649)</b>

**APPENDIX E(1)**  
**KOUGA LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010 Actual R	2009/2010 Budget R	2009/2010 Variance R	2009/2010 Variance %	Explanation of Significant Variances Greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	89 643 093	87 011 476	2 631 617	2.94%	
Service Charges	194 067 301	181 211 659	12 855 642	6.62%	
Rental of Facilities and Equipment	549 702	550 548	(846)	-0.15%	
Interest Earned - External investments	4 060 920	5 602 336	(1 541 416)	-37.96%	Over budget
Interest Earned - Outstanding debtors	6 185 819	4 525 423	1 660 396	26.84%	
Interest Earned - Fair value adjustment of rates	3 827 701	-	3 827 701	100.00%	Annual GRAP adjustment - fair value adjustment of assessment rates
Fines	1 781 926	3 454 066	(1 672 140)	-93.84%	Over budget
Licences and Permits	4 660 579	7 073 912	(2 413 333)	-51.78%	Over budget
Government Grants and Subsidies	60 536 648	30 836 420	29 700 228	49.06%	
Other Income	7 522 962	7 976 000	(453 038)	-6.02%	Under budget
Gains on Disposal of Property, Plant and Equipment	51 806	1 000	50 806	0.00%	
Budgeted Income from non-GRAP compliant reserves	-	-	-		
<b>Total Revenue</b>	<b>372 888 457</b>	<b>328 242 840</b>	<b>44 645 617</b>	<b>13.60%</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	154 069 453	132 274 662	21 794 791	14.15%	
Remuneration of Councillors	5 342 953	6 477 709	-(1 134 756)	-21.24%	
Bad Debts	30 174 980	-	30 174 980	100.00%	Provision for doubtful debts not budgeted for.
Collection costs	-	(58 225)	58 225	#DIV/0!	
Contracted services	174 997	200 000	(25 003)	-14.29%	
Depreciation	-	-	-	-	
Impairment Losses	27 223	-	27 223	0.00%	
Repairs and Maintenance	23 635 300	29 245 863	-(5 610 564)	-23.74%	
Interest Paid	13 087 558	8 157 274	4 930 284	37.67%	Under budget
Bulk Purchases	87 467 297	80 866 562	6 600 735	7.55%	Under budget
Grants and Subsidies Paid	11 987 521	6 673 128	5 314 393	44.33%	Under budget
General Expenses	58 758 825	58 479 209	279 616	0.48%	
Budgeted Expenditure on non-GRAP compliant items	-	-	-		
<b>Total Expenditure</b>	<b>384 726 106</b>	<b>322 316 183</b>	<b>62 409 924</b>	<b>19.36%</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(11 837 649)</b>	<b>5 926 657</b>	<b>(17 764 306)</b>		

**APPENDIX E(2)**  
**KOUGA LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET**

**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	Explanation of Significant Variances	
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	greater than 5% versus Budget	
	R	R	R	R	R	%		
Executive and Council	29 941	-	29 941	240 000	210 059	88%		
Finance and Administration	16 793 213	-	16 793 213	5 317 000	(11 476 213)	-216%		
Planning and Development	18 640 259	-	18 640 259	9 738 000	(8 902 259)	-91%		
Health	308 332	-	308 332	350 000	41 668	12%		
Community and Social Services	6 345	-	6 345	5 510 000	5 503 655	0%		
Housing	-21 891	-	-21 891	300 000	321 891	107%		
Public Safety	-	-	-	1 370 000	1 370 000	0%		
Sport and Recreation	20 767	-	20 767	2 970 000	2 949 233	99%		
Waste Management	-	-	-	16 624 000	16 624 000	100%		
Waste Water Management	8 496 081	-	8 496 081	16 200 000	7 703 919	48%		
Water	2 253 822	-	2 253 822	3 800 000	1 546 178	41%		
Electricity	9 054 488	-	9 054 488	5 750 000	(3 304 488)	-57%		
Other	-	-	-	-	-	0%		
<b>Total</b>	<b>55 581 357</b>	<b>-</b>	<b>55 581 357</b>	<b>68 169 000</b>	<b>12 587 643</b>			

# APPENDIX F

## KOUGA LOCAL MUNICIPALITY : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

### Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below Yes / No	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Local Government Financial Management Grant	National Treasury	750 000	250 000	-	-	355 368	444 626	273 399	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Municipal Systems Improvement Grant	DLGH&TA (Nat)	400 000	-	-	-	409 000	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Integrated National Electrification Programme	DME	-	5 550 000	-	1 250 000	600 971	1 966 401	2 800 989	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Municipal Infrastructure Grant	DLGH&TA (Nat)	8 912 143	1 503 000	1 503 862	4 376 000	3 741 330	6 838 674	2 048 680	1 395 389	N/A	N/A	N/A	N/A	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>10 062 143</b>	<b>7 303 000</b>	<b>1 503 862</b>	<b>5 626 000</b>	<b>5 106 669</b>	<b>9 249 701</b>	<b>5 123 068</b>	<b>1 395 389</b>							

(\*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?